

Message Text

LIMITED OFFICIAL USE

PAGE 01 BUENOS 05932 091347Z

44

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 L-03 TRSE-00 CIAE-00 INR-11

NSAE-00 RSC-01 SS-20 SP-03 NSC-07 DRC-01 OMB-01

CIEP-03 /078 W

----- 019277

R 091304Z AUG 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 7640

LIMITED OFFICIAL USE BUENOS AIRES 5932

E.O. 11652: N/A

TAGS: EFIN, AR

SUBJ: SECRETARY'S INITIATIVE ON DOUBLE TAX TREATIES

REF: A. STATE 162751; B. BA 117

SUMMARY: WE DON'T BELIEVE GOA WOULD BE INTERESTED IN INITIATING NEGOTIATIONS WITH US ON NEW TAX TREATY. MOREOVER, BELIEVE US INITIATIVE AT THIS TIME LIKELY TO BE MISINTERPRETED AND THUS COUNTERPRODUCTIVE. IN MORE FAVORABLE CLIMATE, NEGOTIATION OF CONVENTION TO IMPROVE EXCHANGE OF INFORMATION FOR PURPOSES REDUCING EVASION COULD BE HELPFUL. END SUMMARY.

1. GOA ATTITUDE TOWARD NEGOTIATION OF TAX TREATY WITH US NOT LIKELY TO BE FAVORABLE. PERONIST GOVERNMENT HAS ADOPTED HIGHLY NATIONALISTIC POSITION ON TAXATION, HAS IMPLEMENTED SEVERAL UNILATERAL MEASURES AIMED AT MNC'S, AND HAS ADOPTED A GENERALLY DISTRUSTFUL ATTITUDE TOWARD FOREIGN INVESTMENT. GOA WOULD PROBABLY SEE POLITICAL RISK IN INITIATING BILATERAL DISCUSSIONS WITH US NOW.

2. IN THIS CLIMATE ANY US INITIATIVE ON TAXES COULD BE EASILY MISINTERPRETED AND COUNTERPRODUCTIVE. MANY ARGENTINES WOULD VIEW US PROPOSAL AS NOTHING MORE THAN EFFORT TO AID
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BUENOS 05932 091347Z

US BASED MULTATIONALS.

3. IN PRACTISE, WE KNOW OF NO PRESSING TAX PROBLEM HERE WHICH WOULD FORM USEFUL BASIS FOR NEGOTIATION OF BILATERAL AGREEMENT. REPORTEDLY, EXAMPLES OF DOUBLE TAXATION OF INCOME RATHER INFREQUENT. FAMOUS PARKE-DAVIS DECISION, NOW ENSHRINED IN LAW, HAS SERIOUS ADVERSE REPERCUSSIONS FOR MNC'S HERE BUT NOT CONSIDERED NEGOTIABLE FOR PRESENT. PROPOSALS FOR CHANGING TAX TREATMENT US SUBSIDIARIES CONTAINED US TRADE BILL NOT LIKELY APPLY TO MANY SUBSIDIARIES HERE AND CONSEQUENTLY, SHOUD HAVE MINIMAL ADVERSE IMPACT ON ARGENTINE INTERESTS.

4. WITH A BETTER ECONOMIC AND INVESTMENT CLIMATE, SUCH A US INITIATIVE TO IMPROVE TAX INFORMATION SHARING AND COOPERATION MIGHT BE APPROPRIATE AND WELL RECEIVED. WE DOUBT THAT SUCH A CLIMATE WILL DEVELOP UNDER THE PRESENT ECONOMIC TEAM. HOWEVER WE BELIEVE GOA TAX AUTHORITIES HERE WOULD BE INTERESTED IN ANY US ASSISTANCE WHICH WOULD HELP THEM REDUCE EVASION ON ARGENTINE-SOURCE INCOME, WHICH IN ONE WAY OR ANOTHER ENDS UP IN US.

HILL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAX AGREEMENTS, DOUBLE TAXATION, INCOME TAXES, REAL PROPERTY TAXES, TAX SHELTERS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BUENOS05932
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740218-0771
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740861/aaaacaoy.tel
Line Count: 81
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. STATE 162751; B. BA 117
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 05 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 SEP 2002 by WorrelSW>; APPROVED <20 FEB 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECRETARY'S INITIATIVE ON DOUBLE TAX TREATIES
TAGS: EFIN, AR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005